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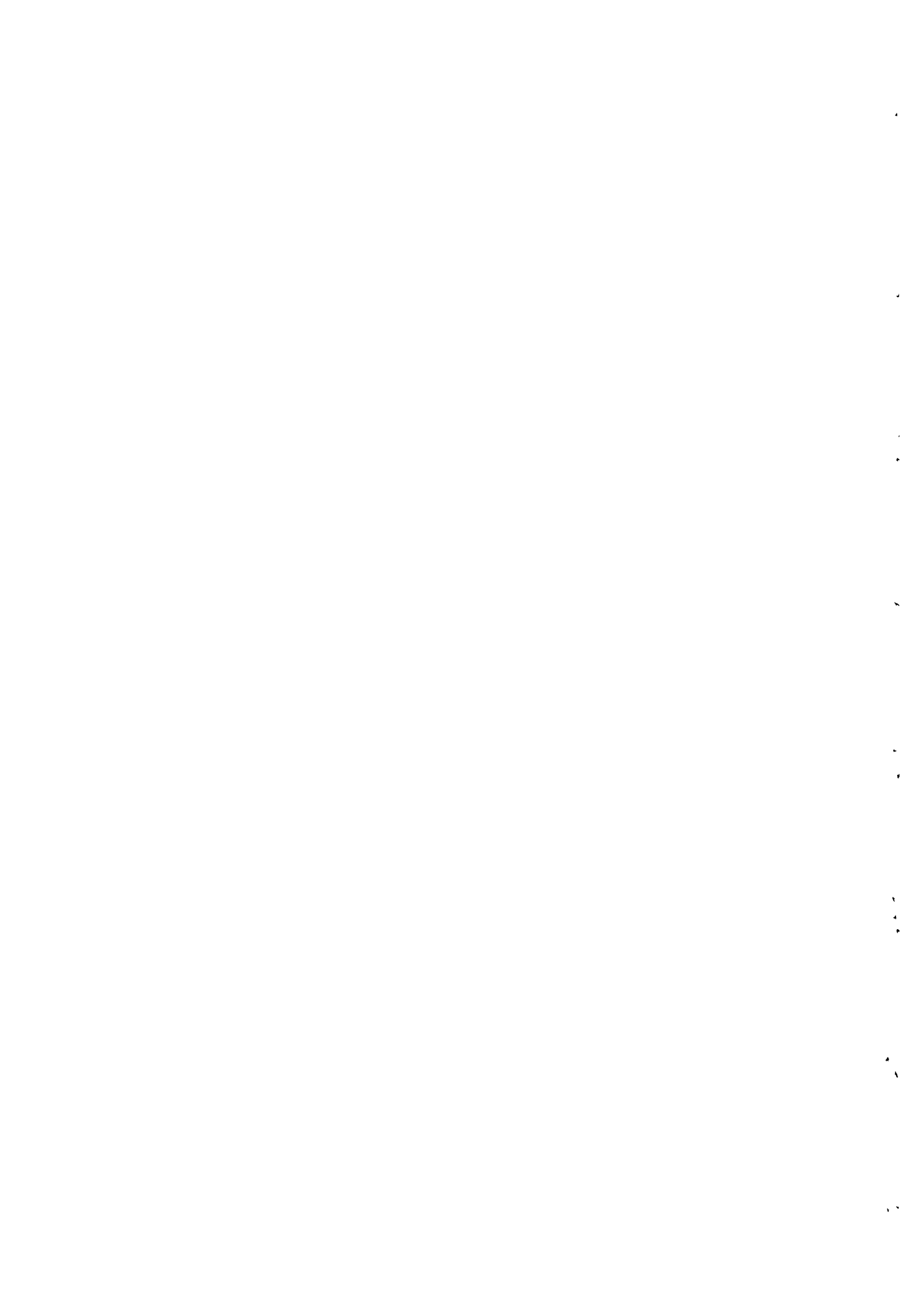
Report

drawn up on behalf of the Committee on Budgets

on draft amending and supplementary budget No. 3 of the European
Communities for the financial year 1975 (Doc. 279/75)

Rapporteur: Mr H. AIGNER

PE 42.317/fin.



By letter of 17 September 1975, the Council of the European Communities forwarded to Parliament preliminary draft supplementary and amending budget no. 4 of the European Communities for the financial year 1975.

On 22 September 1975 a meeting was held, in the context of the budgetary procedure, between a delegation from Parliament and the Council before the latter established the draft supplementary and amending budget.

On the same day the Council established draft supplementary and amending budget no. 3 and forwarded it to Parliament. On 14 October 1975 it was referred to the Committee on Budgets.

At its meeting of 15 July 1975 the Committee on Budgets ratified the appointment of Mr Aigner, the rapporteur on the general budget for 1975, as rapporteur on the draft supplementary budget.

It considered the preliminary draft budget at the same meeting.

An exchange of views on the draft supplementary budget was held on 1 October 1975. The Committee on Budgets considered the draft report by Mr Aigner at its meetings of 29 October and 5 November 1975 in the presence of the Council. The draft report was adopted on 5 November by 14 votes in favour, with one abstention.

Present: Mr Lange, chairman; Mr Aigner, vice-chairman and rapporteur; Lord Bessborough, Mr Brugger, Mr Cointat, Mr Dalyell, Mr Fabbrini, Miss Flesch, Mr Früh, Mr Lautenschlager, Mr Notenboom, Lord Reay (deputizing for Mr Kirk), Mr Schuijt (deputizing for Mr Galli), Mr Shaw and Mr Yeats.

The opinion of the Committee on Agriculture is attached.

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A

The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on draft amending and supplementary budget no. 3 of the European Communities for the financial year 1975

The European Parliament,

- having regard to the preliminary drafts of supplementary budgets No. 2 and No. 4 for 1975 (COM (75) 59 and COM(75) 476) submitted by the Commission,
 - having regard to the discussion between its delegation and the Council on 22 September 1975,
 - having regard to draft amending and supplementary budget No. 3 for 1975 established by the Council (Doc. 279/75),
 - having regard to the report of the Committee on Budgets and the opinion of the Committee on Agriculture (Doc. 364/75),
1. Considers that the Council bears sole responsibility for this supplementary budget, since, during the discussion of the 1975 General Budget, it was not prepared to support the views of the Commission and Parliament and insert in the general budget the ad hoc entries (200 m.u.a.) which are now necessary;
 2. Deplores:
 - (a) the fact that amending and supplementary budget No. 3 has been submitted almost simultaneously with the general budget for 1976, which is incompatible with the spirit of the relevant provisions of the Financial Regulation of the European Communities (Article 1(4));
 - (b) the fact that transfers of funds within the Guarantee Section of the EAGGF amounting to as much as 20% of the appropriations entered in the annual budget are made towards the end of each financial year, which does not accord with Parliament's political views on the way in which a budget should be implemented;
 - (c) the fact that measures within the budgetary procedure can be used to circumvent the annual adoption of the budget by Parliament, which is its responsibility at least as much as it is that of the Council, and also that this amending and supplementary budget clearly shows how ineffective the distinction between 'compulsory' and 'non-compulsory' expenditure is in practice;

3. Urges the Council:

- (a) to undertake to reach a decision before consideration of the 1977 general budget begins, on the sixth directive on harmonization of the common basis of assessment of value added tax, which is fundamental to the Community's financial independence, laid down as an objective in the Treaty;
- (b) to include in the annual budget from now on all foreseeable and unavoidable expenditure, in compliance with the relevant provisions of the Treaty and the Financial Regulation;
- (c) to provide - if it continues to insist that certain forecasts are guesswork - in addition to the funds directly entered on budget lines an allocation in Chapter 98 'non-allocated provisional appropriations' in order both to avoid supplementary budgets and recourse to additional instruments in the course of the financial year, and to make transfers of funds more transparent;
- (d) to apply the Treaty provisions relating to the budget in such a way as to allow Parliament a real say in drawing up the budget and amending it during the financial year;

4. Submits to the Council the amendment adopted by Parliament on Title 4 'Aids, subsidies and financial contributions';

5. Proposes to approve amending and supplementary budget no. 3 of the European Communities for 1975 provided the Council does not modify this amendment, which is fully covered by Article 203(8) (EEC), and makes an appropriate statement to Parliament on the reservations expressed in paragraph 3 of this motion for a resolution;

6. Observes that the budgetary authority (the Council and the European Parliament) has not commented on the Commission's proposals as regards the supplementary and amending appropriations for research.

EXPLANATORY STATEMENT

1. The Committee on Budgets considers that the following problems and questions arise in connection with draft amending and supplementary budget No. 3 for the financial year 1975. These will have to be answered promptly and properly during the forthcoming budgetary debates, and certainly no later than the time of review of the Financial Regulation of the Communities (following the adoption of 22 July 1975 of the new treaty modifying certain former budgetary provisions). The problems and questions are summarized below:

A - NATURE OF EXPENDITURE

2. The treaty lays down two categories of expenditure: that 'necessarily resulting from this Treaty or from acts adopted in accordance therewith' and other expenditure. The first category is compulsory in nature, which means that the relevant budget entries cannot be modified as Parliament wishes; with the second category, Parliament enjoys effective powers of modification (reduction or increase).

A year ago, the explanatory memorandum to the draft budget of the Communities, drawn up by the Council, defined compulsory expenditure as follows: 'since the only expenditure to have been classified as compulsory was that for which no budgetary authority, be it the Council or the European Parliament was, because of the texts, free to determine an appropriation'.¹

B - NON-COMPULSORY NATURE OF THE CONCEPT OF COMPULSORY EXPENDITURE

3. Draft supplementary budget No. 3 clearly shows that the concept of compulsory expenditure is not reflected in the budget entries. This is proved by the fact that certain items under the Guarantee Section of the EAGGF have been reduced by up to 80% (as in Chapter 63 'oils and fats', where it is proposed to delete 270 m u.a. from the initial entry of 342,025,000 u.a.).

4. Others have been increased by over 100% (in particular, the chapters on 'beef and veal' and 'sugar' where the initial sums of 395 m u.a. and 135.6 m u.a. were increased by 400 m u.a. and 190 m u.a. respectively).

¹ Volume 7, explanatory memorandum to the draft general budget of the European Communities for 1975

C - THE BUDGET IS NO LONGER BASED ON VALID ESTIMATES

5. The concept of budgetary estimates, and consequently of the idea of the budget as an estimate, confirmed by the treaty, are seriously distorted by large-scale movements such as those criticized under 3 above.

D - INADEQUATE EXPLANATION OF THE SIZE OF CREDIT TRANSFERS

6. The Commission, acting in self-contradiction and contrary to the view of the Council, considers that the Community agricultural price review has altogether predictable budgetary implications and that the entry in the budget of an ad hoc estimate for the adjustment of Community prices would avoid the need for a supplementary budget for that purpose.

On the other hand, it gives a poor and unsatisfactory explanation (one page for a transfer of almost 1,000 m u.a.!!) of why it was unable at the beginning of the year to foresee the trend (upward or downward) in the main items of expenditure it now proposes in the supplementary budget;

E - CONTRADICTIONS BETWEEN THE PROVISIONS OF THE TREATY AND THOSE OF THE FINANCIAL REGULATION

7. The financial regulation of 25 April 1973, applicable to the general budget of the Communities, contains several provisions in accordance with which appropriations may be transferred from one chapter to another and appropriations carried over, either automatically or non-automatically, from one year to another.

The range of possibilities is so wide that the provisions of the financial regulation come into conflict with those of the treaty (compulsory and non-compulsory expenditure); but these treaty provisions remain applicable since the treaty itself is in force, no matter how illogical, not to say artificial, institutions such as Parliament consider them.

These provisions, taken as a whole, allow or oblige the Commission to juggle with the figures, as in supplementary budget No. 3, by releasing an impressive flood of transfers from one chapter to another in order to allow freer use of appropriations which, if carried from one year to the next for their initial purpose, could not then be used for other items;

F - THE SURPLUS OF APPROPRIATIONS AT THE END OF THE YEAR

8. This flood of transfers occurs in the Community at the end of each financial year and, since they are not contained in a supplementary budget they pass the European Parliament by - under the terms of the Financial Regulation, Parliament is not consulted on these 'intra-guarantee' transfers .

G - THE POWER OF MANAGEMENT OF THE COMMISSION AND COUNCIL AND THE DECISION-
MAKING POWER OF PARLIAMENT

9. As a result of an impressive range of routine management measures the whole body of budgetary regulations is thrown completely out of gear; Parliament's powers, slight enough when the annual budget is fixed, are totally ignored.

The regulations and administrative and financial formalities which culminate in budget entries have grown so complex that where a draft supplementary budget such as the present one is concerned, Parliament's power of control is virtually nil. It might even be tempting to forego this power to avoid being an accessory in the matter, if it were not realized that such acts of self-denial usually mean handing over the problems to a body of technicians, who despite their worth are open to the temptations of the technocrat if they are left alone, free of all control, to handle what are apparently complex techniques.

H - THE WEAKENING OF PARLIAMENT'S ROLE

10. Although it should help to ensure better parliamentary control, the fractioned implementation of budgetary policy (excessive number of supplementary budgets throughout the year) and the piecemeal submission of budgetary documents to Parliament (in particular the financial report on the administration of various funds, the use of appropriations throughout the year, documents comparing the use of credits with the previous year, etc.) are instrumental in destroying Parliament's role.

I - THE NEED FOR BUDGETARY TRANSPARENCY

11. Finally, the technique of pluriannual allocations, already applied to the research and education budget, which involves entering appropriations in a single chapter of the budget (Chapter 33) and breaking down the figures in lengthy annexes, and the lack of satisfactory reports on the use of previous appropriations show how inordinately difficult it is for Parliament, or anyone else, to form an impression of, let alone control through an annual procedure, the scope of funding and the extent to which the money is used and is useful.

It is high time that procedures and basic rules were proposed in keeping with the trend towards more functional management of Community funds and, most important of all, the need for budgetary transparency common to all parliamentary democracies.

CONCLUSIONS

12. The Committee on Budgets hopes that the points it has made, the contradictions it has brought out, the obscurities it has criticized, and the modifications which it proposes as absolutely necessary will elicit a clear response from the two other institutions.

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Finally, the Committee on Budgets adopted, by 11 votes in favour with one abstention, an amendment tabled by its rapporteur on Title 4 'Aids, subsidies and financial contributions', relating to the insertion of a new Article 402 'Aid to bee-keepers' with an allocation of 2.5m u.a.

This is an item of non-compulsory expenditure well within Parliament's remaining margin for manoeuvre (7m u.a.) for 1975.

DRAFT

SUPPLEMENTARY AND RECTIFYING BUDGET No. 3 OF THE EUROPEAN
COMMUNITIES FOR THE 1975 FINANCIAL YEAR

DRAFT AMENDMENT No. 1

tabled by the Committee on Budgets

SECTION III - COMMISSION

(A) EXPENDITURE

Title 4 'Aids, subsidies and financial contributions'
Chapter 40 'Aids'

Insert a new Article 402 'Aid to bee keepers'

Enter appropriations of 2.5m u.a.

(B) REVENUE

Increase revenue accordingly

JUSTIFICATION

During the debate on the 1975 General Budget of the European Communities, the European Parliament presented a proposal for the deletion of the premiums for the denaturing of sugar (which the Council also approved) subject to the presentation by the Commission of a proposal for a regulation on direct aid to European bee-keepers, in view of the importance of bee-keeping for the ecological balance of the earth.

The Commission promised at the time to examine the matter and subsequently presented a proposal for a regulation. The expenditure for the present financial year, required to initiate this action, should be entered in the present supplementary budget.

OPINION OF THE COMMITTEE ON AGRICULTURE

Draftsman: Mr J. SCOTT-HOPKINS

The Committee on Agriculture appointed Mr Scott-Hopkins draftsman on 2 October 1975.

At its meeting of 23 and 24 October 1975 it examined the draft opinion and adopted it by 15 votes in favour and one against.

Present: Mr Houdet, chairman; Mr Laban, vice-chairman; Mr Scott-Hopkins, draftsman; Mr Bourdellès, Mrs Dunwoody, Mr Fabbrini (deputising for Mr Lemoine), Mr Fréhee, Mr Gibbons, Mr Hansen, Mr Howell, Mr Hughes, Mr Kofoed, Mr Ligios, Mr Liogier, Mrs Orth and Lord St.Oswald.

The purpose of the Commission's proposal

1. The Draft Amending and Supplementary Budget No 3 put forward by the Commission is intended to make available additional appropriations in the Guarantee Section of the EAGGF to meet increased expenditure, arising from :

- (a) the new prices fixed in February last for the 1975/76 marketing year;
- (b) the evolution of the market situation in the agricultural sector.

The Commission's draft budget provides for a further 200 m.u.a. to be included for 1975, as well as important transfers between and within chapters of the Budget.

Budgetary procedure

2. In previous years the Commission, in presenting its budget for the agricultural sector, invariably over-estimated expenditure to cover price increases and the inevitable market fluctuations. The result was that normally only 80% of appropriations were allocated. In response to a number of requests by the Council, in 1975 the Commission attempted to calculate more exactly expenditure for the financial year 1975. This resulted in a minimal increase in nominal expenditure and a decrease in real expenditure. It also meant that in the event of price fixing for 1975/76 leading to an increase in prices and expenditure the appropriations would not be available. Consequently, the Commission provided in its preliminary draft budget for 200 m.u.a. under Chapter 98, Non-allocated Provisional Appropriations. However, this provision for 200 m.u.a. was deleted by the Council, requiring a supplementary budget to meet increased expenditure resulting from prices fixed in February 1975. The Committee on Agriculture, in the opinion drawn up by Mr Scott-Hopkins, on the draft budget for 1975, stated that it was "nonsense to exclude forward estimates when it is known that prices will increase to keep up with inflation and production costs"⁽¹⁾.

Budgetary techniques contained in the present proposal

3. In the Commission's preliminary draft budget for 1975 the figure provided to cover price increases was fixed at 200 m.u.a. It must be recognised that this was an arbitrary figure, even while being calculated on the basis of likely increases. On the other hand the serious economic situation facing all Member States in the Community did not, and does not, allow for the entry of over-

(1) Doc. 350/74, p. 39.

generous budgetary estimates. A limit must be placed on possible future expenditure. In furtherance of this aim the Commission had decided that it will limit the present supplementary budget to the figure of 200 m.u.a., even though this budget has to meet increased expenditure resulting from the changing market situation as well as the new prices for 1975/76.

This self-imposed, and even arbitrary, limitation on new appropriations requested by the Commission has the merit of imposing on those responsible for drawing up the agricultural budget a strict discipline. Considering the present economic climate such discipline is to be welcomed.

4. On the other hand, the budgetary straitjacket of 200 m.u.a. has led the Commission into a number of new and sometimes dubious budgetary techniques in order to contain appropriations within the required figure. The main aims are : to reduce estimated expenditure for 1975; to transfer appropriations to the Guarantee Section of the EAGGF; and to effect large scale transfers within the Guarantee Section.

Reduction of estimated expenditure for 1975

5. (a) Firstly, the Commission has adopted the extraordinary procedure of seeking to change the legal basis of a regulation in force (no 464/75⁽¹⁾ of 27 February 1975) so that 50% of the cost of establishing systems of premiums for the producers of bovine animals may be transferred from the Guarantee Section of the EAGGF to the Guidance Section⁽²⁾. Those appropriations from the Guarantee Section are to be reduced by 62.5 m.u.a. and this figure is to be covered from appropriations to be entered in the Guidance Section for 1975⁽³⁾.

Whatever the correctness of arguments that these particular premiums are concerned in part with the restructuring of agriculture as well as ensuring reasonable incomes to farmers, such legal juggling cannot be justified simply to make appropriations fit pre-established limits.

(b) The Commission has introduced a new instrument into the budget, that of the reduction of expenditure when it has been established that Member States have misapplied appropriations allocated. Therefore 62 m.u.a. are to be withheld from Member States following a number of proved cases of mis-spending. The Commission is to be congratulated on this important contribution to budgetary control.

(1) O.J. No L 52, 28.2.1975.

(2) See Commission proposal COM(75) 478 final, 17.9.1975.

(3) No new entry is to be found as the Council has yet to agree to the modification to Reg. 464/75; see COM(75) 478 final.

These two reductions (of 62 and 62.5 m.u.a.) reduce estimated expenditure for 1975 from 4,696.5 m.u.a. to 4,572 m.u.a.

Transfer of appropriations from outside the EAGGF, Guarantee Section

6. As well as reducing estimated expenditure the Commission seeks to increase appropriations available by temporarily transferring credits from outside the EAGGF to the Guarantee Section, to the extent of 60 m.u.a., from chapters covering food aid. This is again financial juggling and completely undermines the legal texts governing the budget. This cannot be accepted, in principle, though in this case real savings have been made on food aid in 1975. It should be noted that the European Parliament has been consulted on a further proposal to give the Commission carte blanche on further operations of this kind⁽¹⁾.

Additional appropriations requested

7. 200 m.u.a. are entered as additional appropriations. This is a reasonable figure and demonstrates the serious intention of the Commission to limit budgetary expenditure in response to the requests made by the Council and individual Member States. While the Committee on Agriculture cannot accept that expenditure on the EAGGF be limited by purely arbitrary figures and political considerations, it must recognise the serious nature of the present economic situation.

8. The initial credits for 1975 were 3,980.5 m.u.a. When 331.5 m.u.a. carried on from the previous year, together with 60 m.u.a. taken from food aid and the additional 200 m.u.a., are added to these initial credits, the total corresponds to the revised estimate of expenditure for 1975, i.e. 4,572 m.u.a. In other words, the Commission, by a degree of budgetary manipulation, often unorthodox in nature, has managed to balance its budget within a request for additional appropriations of 200 m.u.a.

BUDGET REQUIREMENTS AND RESERVES

Estimated expenditure	Reductions, appropriations withheld from Member States	Reductions, partial transfer financing to Guidance Section	Reduced estimated expenditure 1975
4,696.5 m.u.a.	62 m.u.a.	62.5 m.u.a.	<u>4,572 m.u.a.</u>
Initial appropriations 1975	Appropriations carried over	Transfer from food aid	Additional appropriations
3,980.5 m.u.a.	331.5 m.u.a.	60 m.u.a.	200 m.u.a.
			<u>4,572 m.u.a.</u>

(1) COM(75) 497 final

Transfers within the EAGGF, Guarantee Section

9. Since the budget for 1975 was drawn up the evolution of a number of agricultural sectors has led to extraordinary expenditure :

- in the sugar sector, subsidised imports to cover a temporary scarcity led to very heavy expenditure requiring an additional 190 m.u.a.;
- the collapse of the beef market led to increased intervention, supported by a number of direct premiums to producers and subsidies to encourage consumption, requiring an additional 200 m.u.a.;
- the crisis caused by the over-production of wine has led to increased intervention, in particular special distillation campaigns, requiring an additional 105 m.u.a.;
- recoupment delay in the payment of premiums and losses on the export sale of tobacco held in intervention in the tobacco sector call for an additional 150 m.u.a.;
- the need to improve the organisation of the fishing sector, which has been hard hit by imports and increasing costs, requires an extra 5 m.u.a.

In addition, monetary compensatory amounts and accession compensatory amounts require respectively 100 and 230 m.u.a.

10. It is clear that a very large additional expenditure due to market evolution and monetary instability would normally have led to a sharp upward revision of estimated expenditure for 1975 thus making the Commission's 200 m.u.a. of additional appropriations insufficient. The Commission has got around this problem by the adroit use of transfers between the chapters of the budget covering the EAGGF Guarantee Section. But it must be remembered that expenditure for the remaining months of 1975 may require a further supplementary budget.

11. Thus the Commission has transferred, for example, 400 m.u.a. from the milk and dairy sector, 270 m.u.a. from the fats sector, and smaller sums from the cereals, rice, pork and egg sectors, as well as from products not covered by Annex II of the Treaty. While a certain and strictly limited degree of transfer of appropriations may be acceptable, provided that the European Parliament is consulted upon such transfers, the Commission is making nonsense of the budget put forward in November last for the 1975 financial year. Nearly a quarter of the appropriations made available to the milk and dairy sectors are now to be transferred to other sectors. The amount to be transferred from the fats sector (made up from allocations for 1974 and 1975) is

almost equal to two-thirds of the appropriations entered for 1975. In the case of sugar and wine the amounts to be transferred to these sectors are considerably greater than the appropriations originally entered for this year, and in the case of the beef sector represent roughly one half.

APPROPRIATIONS TRANSFERRED WITHIN THE EAGGF, GUARANTEE SECTION

	To	From
Chapter 60 - Cereals		- 30
61 - Rice		- 25
62 - Milk and milk products		- 400
63 - Fats and oils		- 270
64 - Sugar	+ 189	
65 - Beef and veal	+ 200	
66 - Pork		- 75
67 - Eggs and poultry		- 10
68 - Fruit and vegetables		
69 - Wine	+ 105	
70 - Tobacco	+ 50	
71 - Fishing	+ 5	
73 - Other sectors or products	+ 5	
74 - Not included in Annex II		- 15
75 - Accession compensatory amounts	+ 101	
76 - Monetary compensatory amounts	+ 230	

This gives rise to two immediate conclusions.

13. Firstly, that this is not a budget which deals merely with the consequences of price increases for 1975, but is a comprehensive and far-reaching revision of the budget as originally presented. Indeed it might also be considered as a second budget as far as agriculture is concerned. Since the Committee on Agriculture will not have the same ability to modify planned expenditure, clearly its powers to supervise the budget have been considerably and unacceptably reduced.

14. Secondly, it is difficult to understand how the Commission asked in October 1975 for appropriations which go so far beyond actual expenditure in the milk, dairy, fats and rice sectors, and to a lesser degree the cereals sector. Notwithstanding the difficulties of estimating expenditure in the agricultural sector, such over-generous requests for credits undermine the whole budgetary procedure and the powers of control allocated to the European Parliament.

It is to be hoped that in the future the Commission will adjust its budget much more closely to market trends which have clearly emerged, i.e. the scarcity situation in the cereal and rice sector and the more balanced market for milk and dairy products.

The Committee on Agriculture would also draw attention to the fact that increased expenditure for sugar is temporary, resulting from high-priced imports to cover the short-term scarcity situation in the Community, and would not justify any increase in appropriations beyond those allocated originally for 1975. On the other hand the alleviation of the beef market has been mild and may be temporary so that the appropriations entered for the budget in 1976 should be nearer the figure resulting from this supplementary budget rather than those originally entered for 1975.

Agricultural v. non-agricultural expenditure

16. The Committee on Agriculture has been asked to give its opinion on a supplementary budget to meet the financial needs of the Guarantee Section of the EAGGF. Agricultural budgets are always controversial in the Community and are being increasingly attacked by those who would wish to see drastic cuts in the appropriations for the CAP.

In this supplementary budget the Commission has had to deal with an emerging deficit of 189 m.u.a. for the sugar sector, 100 m.u.a. to cover accession compensatory amounts and 230 m.u.a. to cover monetary compensatory amounts. In view of the criticism which the agricultural budget is facing, it is appropriate to ask the extent to which such expenditure should be charged to the EAGGF. For example, the 189 extra m.u.a. required for the sugar sector was due almost entirely to the need to import sugar to meet the requirement of the consumer. The farmer received absolutely no benefit. Monetary compensatory amounts have been instituted as a result of the instability of national currencies and the inability of Member States to coordinate their economic policies. The farmer is in no way responsible for these problems and cannot be said to benefit from the overly complicated solutions developed. Therefore it would seem to be appropriate that expenditure which in no way benefits the European farmer, should be entered under budgetary chapters outside those covering the EAGGF.

Conclusions

16. This proposed supplementary budget from the Commission deals not only with the increase in appropriations due to the fixing of prices for 1975/76

but also with changes in the market evolution of certain agricultural sectors and in particular the sugar, beef and wine sectors. Appropriations entered for almost all products have been amended and in a number of cases drastically, so that this should be seen as a second budget as far as the agricultural sector is concerned.

17. This budget was initially made necessary by the fact that the Commission, in contrast to previous years, attempted to calculate much more precisely the likely expenditure for the ensuing financial year. This made certain that a supplementary budget was required following the Council's rejection of a reserve of appropriations to cover the annual price increases. In general one would be opposed to the over-intensive use of supplementary budgets, which make nonsense of original forecasts. When, however, additional appropriations are required by the normal timetable of Community activity and the inevitable changes in the evolution of agricultural markets, provision for a reserve or a supplementary budget may be preferable to entering over-generous and completely unrealistic figures in the original general budget. Such reserves or supplementary budgets allow for more precise calculation of appropriations required and for much closer scrutiny by Parliament of the use to which appropriations entered are put. The Committee on Agriculture would regret any return to the previous system whereby financial requirements were so over-estimated that only 80% of credits made available were employed in many sectors.

18. Recognising the difficult economic situation facing Europe, the Committee on Agriculture welcomes the efforts made by the Commission to limit additional appropriations required to 200 m.u.a. While the imposition of unrealistic financial restrictions on political grounds would be unacceptable and very destructive to European agriculture, pressing economic realities must be faced up to.

19. On the other hand the Commission has made use of a number of budgetary sleights-of-hand which cannot be condoned, however meritorious the aim, especially when the Commission seeks to alter general provisions covering budgetary procedure in order to cover an individual case. If the European Parliament were to consent to such methods the provisions governing the adoption of the budget would be eaten away in a piecemeal fashion.

The Committee on Agriculture wishes to stress that the responsibility for the necessity to have recourse to such budgetary procedures must be placed on the Council of Ministers for refusing to accept that a reserve to cover price increases be entered into the 1975 budget.

The Committee on Agriculture must insist that in future budgetary estimates be calculated more closely and that enormous transfers of the kind proposed here do not take place.

20. Furthermore, this committee requests that urgent consideration be given to the classification of expenditure so that appropriations provided purely to meet the interests of the consumer, or to offset the inability of Member States to agree upon common economic policies capable of solving monetary instability, are not placed at the charge of the EAGGF. The Common Agricultural Policy is the one common Community policy in place. However, it has come under severe and often misplaced criticism from those who claim that it demands unjustifiably inflated appropriations. Therefore additional financial requirements which are in no way related to Community agriculture should be entered under other chapters so as to remove the misapprehension that the European agricultural budget is excessive.